

KANAKADURGA FINANCE LIMITED

FAIR PRACTICE CODE

1) **INTRODUCTION:**

Kanakadurga Finance Limited (“KFL”), a Systemically Important non-deposit taking Non-Banking Finance Company (“NBFC-ND-SI”) registered with the Reserve Bank of India (“RBI”) is presently engaged in the business of extending financial facility in the form of loans including vehicle loan and gold loan. The credit facilities are extended to different types of customers, which include individuals, MSMEs, etc.

KFL has put in place the Fair Practice Code (“FPC”) as per the RBI directives and it has been duly approved by the Board of Directors. The FPC sets out the principles for fair practices/ standards while dealing with its customers.

KFL has adopted the FPC and has implemented it. The FPC applies to all the categories of products and services offered by KFL (currently offered and which may be introduced in future).

2) **OBJECTIVES:**

1. To promote good and fair practices by setting minimum standards in dealing with customers;
2. To increase transparency so that the customer can have a better understanding of what they can reasonably expect of the services;
3. To encourage market forces, through competition, to achieve higher operating standards;
4. To promote a fair and cordial relationship between customer and KFL; and to foster confidence in the investment services system.
5. To strengthen mechanisms for redressal of customer grievances;

3) **APPLICATION OF THE CODE:**

The FPC shall apply to all the employees of KFL and other persons authorized to represent it in the course of its business, whether the products and services are provided across the counter, over the phone, by post, through interactive electronic device, on the internet or by any other method.

4) **COMMITMENTS:**

KFL shall adhere to the FPC to act fairly and reasonably in all dealings, on the ethical principle of integrity and transparency, to meet the standard practices prevalent in the financial and investment services industry.

KFL would provide clear information, without any ambiguity, to the customers in understanding:

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- a. Products and services together with its terms and conditions including interest and service charges.
- b. Annualized rate of interest and method of application thereof.
- c. Benefits available to customer.

KFL will deal quickly and sympathetically in correcting mistakes, if any, and attend to customer complaints in light of the objectives of the FPC.

KFL will ensure that the Penal interest charged for late payment as well as the definition of overdue interest will be highlighted in bold in the loan agreement.

KFL shall treat all personal information of customers as private and confidential and shall not divulge any information to third person unless required by any law or Government authorities including Regulators or Credit Information Bureaus or where the sharing of information is permitted by the customer.

KFL would provide, on request, copy of the FPC to the existing borrowers and new customer(s) prior to the commencement of business transaction.

KFL shall not discriminate its customers on the basis of race, caste, gender, marital status, religion and, or disability. However, the restrictions, if any, as mentioned in the respective loan products shall continue to apply.

KFL shall refrain from interference in the affairs of the borrowers except for the purposes provided in the terms and conditions of the loan/ master loan agreement (unless new information, not earlier disclosed by the borrower, has come to the notice of PFPL).

KFL shall ensure that the changes in the interest rates and, or charges are effected only prospectively.

5) **DISCLOSURE AND TRANSPARENCY:**

KFL would provide information on the interest rates, common fees and charges, as ay be applicable, through:

- a. Putting up notices in the branches;
- b. Through telephones or help lines;
- c. Through website of the Company
- d. Through designated staff/ help desk; and
- e. Providing service guide/ tariff schedule.

KFL shall not charge foreclosure charges/ pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-obligant(s).

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6) **ADVERTISING, MARKETING AND SALES:**

KFL shall ensure that all the advertising and promotional material is clear and not misleading. The FPC shall also apply to the sales associates/ representatives of KFL to the extent of their identification when they approach the customer for selling products personally. In case of any advertisement in any media and promotional literature that draws attention to a service/ product and its interest rate, KFL shall also provide the details of other fees or charges, if any. Further, on the request of the customer, KFL shall provide the details of relevant terms and conditions.

7) **CREDIT INFORMATION COMPANIES (CICs):**

KFL would give information about the customers to the credit information companies on:

- a. Opening of an account;
- b. The customer delaying his/ her payments and the performance of loan account, which includes how much loan has been sanctioned and the subsequent performance;
- c. Legal proceedings have been initiated against the customer to recover the dues; and
- d. Debts settled through legal recourses against the customer.

KFL may give other information about the customer's account, to the CICs, or in case the customer has given his/ her/ its explicit permission to do so, in accordance with such authorization.

8) **COLLECTION OF DUES:**

Whenever loans are given, KFL would explain to the customer the repayment process by way of amount, tenure and periodicity of repayment. However, if the customer does not adhere to repayment schedule, a defined process in accordance with the applicable laws shall be followed for recovery of dues. The process will involve reminding the customer by sending him/ her/ them notice or by making personal visits, if any.

KFL staff or any person authorized to represent KFL in collection of dues shall identify himself/ herself and display the authority letter issued by KFL and upon request, display his/ her identity card issued by KFL or under authority of PFPL. KFL shall provide the customers with all the information regarding overdue amounts/ loan accounts.

During visits to customer's place by the person authorised by KFL for dues collection the following guidelines shall be followed:

- 1) Customer would be contacted ordinarily at the place of his/ her/ its choice and in the absence of any specified place of choice, at the place of his/ her/ its residence/ place of business/ occupation.
- 2) Identity and authority to represent KFL shall be made known at the first instance.
- 3) Customer's privacy should be respected.
- 4) Interaction with the customer shall be in a civil manner.
- 5) The representatives of KFL shall contact the customers between 07:00 hrs and 19:00 hrs unless the special circumstances of the customer's business or occupation specify otherwise.
- 6) Customer's request to avoid calls at a particular time or at a particular place should be honored as far as possible.

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- 7) Time and number of calls and contents of conversation would be documented.
- 8) All assistance should be given to resolve disputes or differences regarding dues in a mutually acceptable and in an orderly manner.
- 9) During visits to customer's place for dues collection, decency and decorum be maintained.
- 10) Inappropriate occasions such as bereavement in the family or such other occasions should be avoided for making calls/ visits to collect dues.

9) **KNOW YOUR CUSTOMER (KYC) GUIDELINES:**

KFL shall explain the requirements of KYC guidelines to its customers and inform them about the documents required for establishing the identity of the customer before loan sanctioning and operation. KFL shall also put the KYC requirements on the website of KFL www.kanakadurgafinance.com for the benefit of the customers.

KFL would obtain such information to meet with KFL's KYC, Anti-Money Laundering or any other statutory requirements. In case any additional information is required, it will be sought separately and the objective of obtaining such additional information shall be specified.

10) **APPLICATIONS FOR LOANS AND ITS PROCESSING:**

1. At the time of sourcing a loan product to the borrower, KFL shall provide information about interest rates applicable, as also the fees/ charges, if any, payable for processing, pre-payment options and charges, if any, and any other matter which affects the interest of the borrower in vernacular language or a language as understood by the borrower.
2. All particulars required for processing the loan application shall be submitted to KFL at the time of application. In case it needs any additional information, KFL would contact the customer.
3. KFL shall convey to the customer about the loan sanction along with the terms and conditions thereof and keep the acceptance of these terms and conditions by the borrower on its record.
4. The customer is entitled to one set of authenticated loan documents on execution of the same.
5. KFL shall not discriminate on grounds of sex, caste and religion in the matter of lending. However, this does not preclude KFL from instituting or participating in schemes framed for different sections of the society.
6. KFL at its discretion shall process requests for transfer of a loan account, either from the borrower or from a bank/ financial institution, in the normal course. KFL shall convey the consent or objection as the case may be within 21 days from the receipt of the request.
7. Before taking a decision to change any terms and conditions including disbursement schedule, interest rate, service charges, recall/accelerate payment or performance under the master financing/ loan agreement or seeking additional securities or any other charges, KFL shall give notice to borrowers in consonance with the master financing/ loan agreement. Any changes to the above charges shall be made available at our branches and also on the website of the company

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(www.kanakadurgafinance.com). The website address is also available on the application form.

8. KFL shall release all securities on repayment of all dues or on realization of the outstanding amount of loan along with interest, charges, etc. subject to any legitimate right or lien for any other claim that KFL may have against the borrower. If such right of set off is to be exercised, the borrower shall be given notice about the same with full particulars about the remaining claims and the conditions under which KFL is entitled to retain the securities till the relevant claim is settled/paid.

11) GUARANTORS:

When a person is considered to be a guarantor to a loan, KFL shall inform him/ her/ them the following under acknowledgement-

1. Letter/ Deed of Guarantee stating the terms of liability as guarantor.
2. KFL shall keep the guarantor informed of any default in servicing of the loan by the customer/ borrower to whom he/ she/ it stands as a guarantor.

12) COMMUNICATION WITH THE CUSTOMER:

Customers should be able to access KFL through any of the following means:

1. Walk-In to branches (as mentioned in the brochure/ website/ any other leaflet of PFPL); and, or
2. Telephone, Fax and Email ID (as mentioned in brochure/ website/ any other leaflet of PFPL).

13) COMPLAINTS:

KFL would strive for customer satisfaction within the framework of law, adopted policies and procedures.

In case of any grievance, the customer may approach the in-charge of the business location where he/ she/ it had his/ her/ its account and register the complaint in the 'Complaint Register' available with the in-charge. KFL has in place the recording and resolving process of the customer grievances. The process broadly includes mode of receipt and resolution of complaints and turnaround time for resolution.

On registering the complaint, the customer should obtain complaint number and date for future reference.

The customer may also write/ communicate with the concerned location for redressal of the grievance.

In case the response is unsatisfactory or no response is received, the complaint shall escalate using the escalation matrix intimated to customers so that the customer grievance is resolved speedily.

The Company had disclosed the following at all its branches/ places where business is transacted and on its website:

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- a. the name and contact details (Telephone / Mobile nos. as also email address) of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company.
- b. that if the complaint / dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the Regional Office of DNBS, Mumbai.
- c. the name and contact details (Telephone/ Mobile numbers as also email addresses) of the PNOs/NOs/GROs and the name and contact details of the Ombudsman, who can be approached by the customer.

14) PRIVACY AND CONFIDENTIALITY

1. KFL shall ensure all personal information of customers are treated as private and confidential [even when the customers are no longer customers], and shall be guided by the following principles and policies. KFL shall not reveal information or data relating to customer accounts, whether provided by the customers or otherwise, to anyone, including other companies or entities in their group, other than in the following exceptional cases:
 - If the information is to be given as per the RBI guidelines or any statutory requirement or applicable law;
 - If there is a duty towards the public to reveal the information;
 - If the Company's *bonafide* interests requires them to give the information (for example, to prevent fraud) but it should not be used as a reason for giving information about customer or customer accounts [including customer name and address] to anyone else, including other companies in the group, for marketing purposes;
 - If the customer asks the Company to reveal the information, or with the customer's permission;
 - If KFL is asked to give a reference about customers, they shall obtain his/ her/ it's written permission before giving it.
2. The customer shall be informed about the extent of his/ her rights under the existing legal framework for accessing the personal records that the Company holds about him/ her.
3. KFL shall not use customer's personal information for marketing purposes by anyone including KFL unless the customer specifically authorizes them to do so.
4. KFL shall be entitled to share the loan and other information of the customer with the Credit Information Companies or any other agency or statutory authority as per the RBI guidelines.

15) GENERAL:

KFL reserves the right to amend/ alter/ modify the codes as mentioned herein above and provide updates from time to time, not affecting/ sacrificing the underlining spirit of the FPC. Such alternation/ amendments may be displayed at the notice boards of the branches/ Corporate Office for the benefit and information of the customer.